

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

Producers 88 (4-89) — Paid Up  
With 640 Acres Pooling Provision  
5 year lease for one lot

**PAID UP OIL AND GAS LEASE  
(No Surface Use)**

THIS LEASE AGREEMENT is made this 21 day of Oct, 2009, by and between Bob Semple, Executor of the H.M. Wallace Estate, as Lessor (whether one or more), whose address is P.O. Box 1345 Fort Worth, TX 76101-1345, and DALE PROPERTY SERVICES L.L.C. 2100 Ross Ave Suite 1870 Dallas, Texas, 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

**0.5003 Acres of Land, More or Less, Being Lots 3C, 4A, & 5A, Block 4 of the Smith West Side Addition, being a Re-Plat of Block 4, Portion of Lots 3, 4, and 5 of Smith's Westside Addition, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain Deed recorded in Volume 14732, Page 420 of the Deed Records. Tarrant County, Texas.**

in the county of Tarrant, State of TEXAS, containing 0.5003 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty-Five (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be Twenty-Five (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each

owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

See Exhibit "A" attached hereto and by reference made a part hereof.

**DISCLAIMER OF REPRESENTATIONS:** Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

**LESSOR (WHETHER ONE OR MORE)**

H. M. Wallace Estate

Signature: *Robert W. Semple*

Printed Name: Robert W. (Bob) Semple

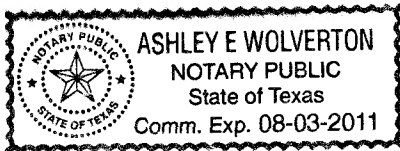
Title: Executor

**ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 21<sup>st</sup> day of October, 2009, by

Robert W. Semple, as Executor of the H.M. Wallace Estate



*Ashley E. Wolverton*  
Notary Public, State of Texas  
Notary's name (printed): Ashley E. Wolverton  
Notary's commission expires: 8-3-2011

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

**Exhibit "A"**  
**Addendum to OIL, GAS AND MINERAL LEASE**

Attached and made part of that certain  
**OIL, GAS AND MINERAL LEASE (No Surface Use)**  
 (together with this Exhibit "A", the "Lease Agreement")  
 dated the 21 day of October, 2009 by and between **The Estate of Helen M. Wallace** as Lessor,  
 and **Dale Property Services, LLC** as Lessee.

17. **Exhibit "A" to Control.** It is expressly understood and agreed that the provisions of this Exhibit "A" shall supersede and govern over the provisions in the printed form (the "Printed Form") to which it is attached. The provisions of this Lease Agreement shall inure to the benefit of and be binding upon Lessor and Lessee and their respective heirs, devisees, legal representatives, successors, and assigns.
18. **Primary Term.** Notwithstanding Section 2 of the Printed Form, the "primary term" of this Lease Agreement shall be three (3) years from the Effective Date (defined below).
19. **Payment of Royalty.** Royalty will be payable on all Oil, Gas, or Other Substances produced from the land, regardless of how such Oil, Gas or Other Substances are used. Lessee shall pay royalties to Lessor as follows:
  - A. **Oil.** As royalties on Oil, Lessee agrees to deliver free to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected, twenty-five percent (25%) (the "Royalty Fraction") of all Oil produced and saved from the land. At Lessor's option, Lessee shall pay to Lessor the Royalty Fraction of the market value of Oil at the well. For purposes of this Subsection 19.A., the market value of Oil shall be the greatest of: (i) the highest posted price, plus premium, if any, offered or paid - - in an arms' length transaction - - for Oil of a like, type and gravity for the field where produced and when run; or (ii) the highest market price offered or paid - - in an arms' length transaction - - for Oil for the field where produced and when run; or (iii) the gross proceeds of the sale of Oil in an arms' length transaction.
  - B. **Gas.** As royalties on Gas, Lessee agrees to pay to Lessor:
    - i. On Gas produced from the land and sold by Lessee or used off the land by Lessee and to which the following subparts (ii.) and (iii.) do not apply, the Royalty Fraction of the market value of the Gas at the point of sale, use, or other disposition.
    - ii. On Gas produced from the land that is processed in a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the higher of the Royalty Fraction of the market value of the Gas at the inlet to the processing plant, or the Royalty Fraction of the market value of all processed liquids saved from the Gas at the processing plant plus the Royalty Fraction of the market value of all residue Gas at the point of sale, use, or other disposition.
    - iii. On Gas produced from the land that is processed in facilities other than a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the market value at the plant of all processed liquids credited to the account of Lessee and attributable to the Gas plus the Royalty Fraction of the market value of all residue Gas at the point of sale, use, or other disposition.
  - C. **Other Substances.** As royalty on all Other Substances, Lessor shall have and be entitled to the Royalty Fraction of those Other Substances produced and saved from the land. At Lessor's option, Lessee shall pay to Lessor the Royalty Fraction of the market value of the Other Substances. For purposes of this Subsection 19.C., the market value of Other Substances shall be the highest market price of each Other Substance for the same month in which the Other Substance is produced.
  - D. **Royalty free from cost.** Lessor's royalty shall never bear, directly or indirectly, any part of the costs or expenses of producing, gathering, dehydrating, compressing, transporting, manufacturing, processing, treating, or marketing of the Oil, Gas, or Other Substances produced from the land, nor any part of the costs of constructing, operating, or depreciating any plant or other facilities or equipment for processing or treating Oil, Gas, or Other Substances produced from the land. It is the intent of the parties that the provisions of this Subsection 19.D. are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (Tex. 1997).
  - E. **Shut In Royalty.** In no event shall shut in royalty payments maintain this Lease Agreement in force for more than twenty-four (24) consecutive months, or three (3) years in the aggregate. Should any shut in royalty payments not be made in a timely manner as provided in this Subsection 19.F., it will be considered for all purposes that there is no production or no excuse for delayed production of Gas from any such well or wells and, unless there is then in effect other preservation provisions of this Lease Agreement, this Lease Agreement shall terminate at midnight on the last day provided for any payment of shut in royalty. Lessee shall thereupon furnish to Lessor a release in recordable form of all its interest in and to this Lease Agreement.
  - F. **Time for payment.** Within ninety (90) days following the first sale of Oil, Gas, or Other Substances produced from the land, settlement shall be made by Lessee or by its agent for royalties due with respect to such Oil, Gas, or Other Substances. Royalties shall be paid monthly thereafter without the necessity of

Lessor executing a division or transfer order. If not paid when due, Lessor's royalty shall bear interest at the maximum lawful rate from the due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due shall not act as a waiver or estoppel of its rights receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or actual title to those proceeds, but Lessee will, at all times, hold the proceeds in trust for the benefit of Lessor. Lessor shall have no personal liability for the repayment of an overpayment of royalties.

**20. Continuous Development and Limitation on Pooling.**

- A. *Continuous Development Period.* At the expiration of the Primary Term, if this Lease Agreement is not otherwise in effect, this Lease Agreement shall remain in effect as to all said land for so long as Lessee is then engaged to continuously develop said land, allowing no more than sixty (60) days (the "Continuous Development Period") to elapse from the date operations on a particular well unit are completed until the commencement of operations on another well unit. Unless this Lease Agreement is otherwise maintained in force as provided by (i) Paragraph 2, above, or (ii) the Shut-In Royalty provisions of Subsection 19.E. above, upon the expiration of the Primary Term or the Continuous Development Period, whichever is later, this Lease Agreement shall terminate as to all land covered by this Lease Agreement.
- B. *Pooling.* Subject to Lessor's prior written consent, Lessee, as herein limited, is hereby granted a right to pool or unitize the land covered by this Lease, but only in its entirety, with other lands, leases, mineral estates, or parts thereof for the production of Oil and/or Gas as provided herein. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land covered by this Lease Agreement. The entire acreage pooled in such unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this Lease Agreement. In lieu of the royalties herein provided, Lessor shall receive on production from a unit so pooled only such portion of the royalties stipulated herein as the amount of Lessor's acreage placed in the unit on an acreage basis bears to the total acreage so pooled in a particular unit involved. Permitted pooling and/or unitization for oil which is not a horizontal completion shall not exceed forty (40) acres plus an acreage tolerance of ten percent (10%). Permitted pooling and/or unitization for gas shall not exceed three-hundred twenty (320) acres plus an acreage tolerance of ten percent (10%). Lessee is not permitted to release less than all of the land of this Lease Agreement unless Lessor shall, at its sole and absolute discretion, grant prior consent, in writing, to such a partial release. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit, and shall provide Lessor with a certified copy of such instrument within sixty (60) days after the recording of same. After production of gas is had from the pooled unit, the size or area of the pooled unit shall not be enlarged, and the acreage covered by this Lease Agreement and included in such unit may not be removed therefrom without Lessor's express prior written consent. In the event of operations for drilling on or production from any part of a pooled unit, which includes all or a portion of the land covered by this Lease Agreement, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production from land covered by this Lease Agreement whether or not the well or wells be located on the premises covered by this Lease Agreement and in such event operations for drilling shall be deemed to have been commenced or engaged in on said land. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production from the pooled unit, there shall be allocated to the land covered by this Lease Agreement and included in said unit a pro rata portion of production from the pooled unit. Such allocation shall be on an acreage basis, that is to say, there shall be allocated to the acreage covered by this Lease Agreement and included in the pooled unit that pro rata portion of production from the pooled unit which the number of surface acres covered by this Lease Agreement and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production so allocated to the land covered by this Lease Agreement and included in the unit just as though such production were from such land. The formation of any unit hereunder shall not have the effect of changing the ownership of any delay rental or shut-in production royalty which may become payable under this Lease Agreement. Notwithstanding the above, in the event Lessee exercises its right to pool the leased premises hereunder, the entirety of the leased premises will be included in such pooled unit.
21. **No Use of Surface.** *Waiver of Surface.* Lessee shall have no right—and specifically waives and relinquishes any and all rights—to access, use, occupy, or conduct operations on the surface of the land for any purpose whatsoever. Notwithstanding any other provisions of this Lease Agreement to the contrary, it is agreed that Lessee shall have no right to drill any well or wells from the surface of the land or to use the surface of the land for any purpose. Without limiting the foregoing, Lessee further specifically waives and relinquishes any and all rights to use the surface of the land for the purpose of exploration, development, and/or production of Oil and/or Gas and Lessee shall have no right to place or maintain any structure, improvements, equipment or pipelines in, on, under or across the land or to install any fixtures or facilities on the surface of the land, except as may be provided in a separate written agreement between Lessor and Lessee. Such surface use exclusion and waiver does not prohibit slant, directional, or horizontal drilling of wells which cross under or are bottomed under the land, provided: (i) such wells are drilled from surface sites which are not on the land and are at least three hundred (300) feet from the nearest exterior boundary of any of the land; and (ii) such drilling and related operations do not, in any manner, penetrate any portion of the subsurface of the land above the plane located at five hundred (500) feet below the surface of the land. In no event shall any operations or other activities be undertaken, conducted, or permitted by Lessee that will present any risk of subsidence or surface damage or destruction of

the land or any improvements constructed or to be constructed thereon. Any such offsite exploration, development, production, or other operations (including any slant, directional or horizontal drilling or other activity under the land) shall automatically obligate the Lessee and any party actually conducting such activities, to, jointly and severally, defend, indemnify, protect, and hold Lessor (and its successors and assigns) harmless from and against any claim, cost, liability, loss, injury, or damage caused by such activities. Paragraph 10 of the Printed Form is hereby deleted.

22. **Default and Attorneys Fees.** Should Lessee at any time fail to comply with its obligations under this Lease Agreement regarding construction, maintenance or repair, Lessor shall notify Lessee of said breach and Lessee shall have sixty (60) days to initiate a remedy to said breach and if such remedy is not initiated within said sixty (60) day period, Lessor shall have the right (but not the obligation) to do or have done whatever is necessary to fulfill the obligations to its satisfaction, and Lessee shall be liable to Lessor for the reasonable and necessary expenses thus incurred by Lessor, to be paid within ten (10) days after Lessor shall have furnished Lessee an itemized written statement of the expenses, with interest to accrue on such unpaid amounts after such ten (10) day period, at the highest lawful rate permitted. If Lessor brings suit to compel performance or recover for breach of any express covenant herein contained or any covenant implied or for declaratory relief or for injunctive relief, Lessee agrees to pay Lessor's reasonable attorneys' fees if Lessor shall prevail. No obligation of Lessee to pay money under this Lease Agreement will be excused or delayed by reason of force majeure.
23. **Force Majeure.** Should Lessee be prevented by reason of force majeure (as defined below) from complying with any express or implied covenant of this Lease Agreement (other than a requirement to pay money), from conducting operations on the land, or from producing Oil or Gas then while so prevented, that covenant will be suspended; Lessee will not be liable for damages for failure to comply therewith while such covenant is properly suspended. However, no force majeure event or events shall excuse performance for more than two (2) years in the aggregate. "Force majeure" is limited to the inability to obtain equipment or material, failure of a carrier to transport or furnish facilities or transportation (excluding a carrier that is an affiliate of Lessee), any federal or state law, or any other rule, or regulation of governmental authority, or other cause (other than financial reasons) beyond Lessee's control. Lessee shall use its best efforts to overcome in a diligent manner the delay and/or other effects of any force majeure. Any force majeure provisions within the Printed Form are hereby deleted.
24. **No Warranty of Title.** This Lease Agreement is made without warranties of title or other warranties of any kind (either expressed or implied) by Lessor. Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title of the land, and Lessee assumes all risk of title failures. The warranty of title provided in Paragraph 15 of the Printed Form is hereby deleted.
25. **Entire Agreement.** This Lease Agreement states the entire contract between the parties, and no representation or promise, verbal or written, on behalf of either party, shall be binding unless contained herein. This Lease Agreement shall be binding upon each party executing it regardless of whether or not it is executed by all owners of the land or by all persons or entities above-named as Lessor, and notwithstanding the inclusion above of other names as Lessor, the term "Lessor" as used in this Lease Agreement shall mean and refer only to such parties as execute this Lease Agreement and their successors in interest.

IN WITNESS WHEREOF, this instrument is executed to be effective on the first date written above (the "Effective Date").

Lessor:

Estate of Helen M. Wallace

By: Bob Semple

Bob Semple, Executor

Lessee:

Dale Property Services, LLC

By: Raley Taliaferro

Name: Raley Taliaferro

Title: Executive Manager

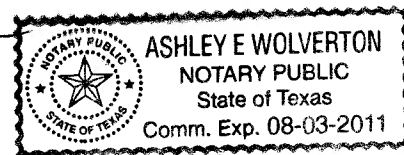
STATE OF TEXAS

§  
§  
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COUNTY OF TARRANT

This instrument was acknowledged before me on this the 21<sup>st</sup> day of October 2009, by Bob Semple, in his capacity as Executor of the Estate of Helen M. Wallace.

Ashley E. Wolverton  
Notary Public, State of Texas



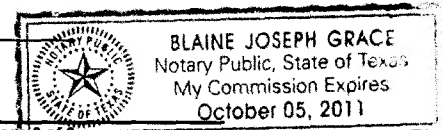
STATE OF TEXAS

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COUNTY OF TARRANT

This instrument was acknowledged before me on this the 22 day of October 2009, by Raley Taliaferro, Agent of Dale Property Services, LLC, on behalf of said limited liability company.

Blaine Joseph Grace  
Notary Public, State of Texas



SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

DALE RESOURCES  
ATTN: ANN VANDENBERG  
2100 ROSS AVE STE 1870 LB-9  
DALLAS, TX 75201

Submitter: DALE RESOURCES LLC

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 11/2/2009 3:55 PM

Instrument #: D209289340

LSE

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PGS

\$32.00

By: \_\_\_\_\_

*Suzanne Henderson*

D209289340

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: DNCLARK